

Harbor Commission or the city council, or both, are to blame, the harbor arrangements at Montreal are by no means what they should be or what it was expected by this time they would be.

ADVANCE AND DECLINE IN BUSINESS.

The theory of cycles in business, that is, periods of prosperity alternating with depression, is not a new one. Enough has been observed of the alternation of such longer or shorter periods to justify the recognition of a general law, according to which a series of prosperous years is followed by a series of lean ones. Some fifteen to twenty years ago, Charles H. Dow, of New York, thinking the stock market the best barometer of trade conditions, formulated and compared price lists of American securities for a series of years. He found the prices of securities taking in periods of years "a series of swings": first, the main movement, usually running for a period of years; then the secondary movement occupying thirty to ninety days; and third, the small daily fluctuations caused by merely "traders' " operations.

An article in the Independent two or three weeks ago, dealing with business in the United States, the title of which is: "Has the Tide of Prosperity Turned?" deals with some features of the present situation among our American neighbors in the light of Mr. Dow's general law. Going back to the close of the Civil War in that country, he notes the following periods of large advance and decline:

- Years 1868 to 1873, a period of advance.
- Years 1873 to 1877, a period of decline.
- Years 1877 to 1882, a period of advance.
- Years 1882 to 1885, a period of decline.
- Years 1886 to 1892, a period of advance.
- Years 1892 to 1896, a period of decline.
- Years 1896 to 1902, a period of advance.

It is noticeable that these periods are of a duration of from four to seven years each. The term of advance closing with 1902 was one of six years, and the reaction from excessive activity in speculation at great prices is dealt with by the writer of the article, the editor of the Wall Street Journal, Mr. Thos. F. Woodlock, thus:

The country has enjoyed a period of extraordinary growth in wealth, thanks to abundant harvests and enormous production and sale of all kinds of goods here and abroad. In the early nineties the Western farmers were staggering under a load of mortgage debt. By the close of the century they were lenders of money in Wall Street, and by 1901 they were investors and speculators. The country, as a whole, thanks to its enormous exports of commodities, had greatly reduced its indebtedness to foreign capital, and like the farmer had gotten out of debt in 1900, but it quickly speculated itself into debt again in 1901. What with enormous business in merchandise and commodities, and a fever of promotion and stock-gambling of totally unprecedented intensity, it is not surprising that the supplies of loanable or "floating" capital finally became absorbed and "fixed," with the result that a general liquidation became absolutely necessary in the stock market. A halt in general business was bound to

follow. The direct causes of the latter were the rise in the necessities of life—food, fuel and clothing—and the consequent demand of labor for increased compensation. These demands could only be met as long as the ball was kept rolling; the moment it stopped they could not be granted.

Happily, there are excellent reasons for believing that we need not apprehend a very serious or prolonged depression in trade. The main trouble is that we have overdone everything a little—most of all promotion and speculation. We have had a wonderful run of good luck, a wonderful period of growth in general wealth, and have, in the current slang phrase, "run it into the ground."

The most disquieting thing Mr. Woodlock finds in the outlook is the labor question, and he sees a clear disadvantage to labor in the inevitable contraction of manufactures. "Human history," he concludes, "has been summed up in a cycle of six words, thus:

War,
Poverty,
Peace,
Prosperity,
Pride,
War,

and, as the Greek proverb has it, 'War is father of all things.' Finance and commerce are, after all, a kind of war, and the historic cycle holds good for them, too."

BRITISH AND SOUTH AFRICAN TRADE.

A good business man, Mr. Henry Birchenough, was appointed by the British Government to report upon the position and prospects of British trade in South Africa. In speaking of the considerable trade done there by Americans and Germans, this gentleman describes the sinister policy adopted by British steamship lines, which by carrying foreign goods at lower rates than they have been charging for British goods, have given an impetus to foreign trade in a British colony, to the consequent injury of their own countrymen. American goods for a period of nine months were, owing to a freight war between the South African Conference and the Prince and Houston lines, carried from New York to South Africa at an all-round rate of 10s. per ton, compared with British rates varying from 25s. to 42s. 6d. "After careful enquiry," Mr. Birchenough observes, "I am convinced that no single circumstance has done so much to promote the growth of American trade during the past twelve months as these low freight charges between American and South African ports. It is not pleasant to reflect that they are the result of the action of British and not of foreign steamship companies."

The London Economist of 21st November, in the course of an article headed, Decrying the Mother Country, calls Mr. Seddon, of New Zealand, "that weird politician," over the coals for reckless and absurd assertions about the decadence of Great Britain that are calculated to injure the Motherland in the eyes of foreign nations. Again, in his report on South Africa, Mr. Birchenough, the Government Special Commissioner, observes: "Much of the depreciatory criticism which has been directed by recent writers against the conduct and methods of British trade is to be deprecated, for the reason, that it is too often indiscrimi-